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THE AGRICULTURAL SITUATION

A Brief Summary of Economic Conditions

ISSUED MONTHLY BY THE BUREAU OF AGRICULTURAL ECONOMICS
UNITED STATES DEPARTMENT OF AGRICULTURE

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CORN BACKWARD—OTHER CROPS IMPROVING

The growing season made up some time during the past month and the principal crops are now somewhat nearer normal development. Corn is still backward. Late planted corn has made slow growth, whereas early plantings have been in tassel for some time. The net result is a very spotted corn prospect with the possibility that a considerable part of the crop will ear late on short stalks and the frost hazard will loom large.

Haying is well along, a large crop secured in generally good condition. Potatoes are doing very well and appear likely to make an ample though not excessive crop. Cotton has made good progress, on the whole, though there is said to be a widespread weevil menace throughout the eastern belt.

Wheat harvest is now moving up into the North, with threshing returns becoming more satisfactory. Winter wheat yields were disappointing in the southern belt, but Nebraska is threshing out the greatest crop in its history. Spring wheat in the North shows the best prospect in five years, except in some local areas bordering the Rocky Mountain territory. The world wheat crop appears about the same as last year, more wheat in Europe being offset by probable shorter supply in Canada. Our Wheat Belt reverses the conditions of last year when the southern area had an excellent crop and northern spring wheat was a near failure.

Corn Belt conditions are also reversed from last year when hogs were high priced and corn low. Now it is the other way around. However, breeders who may be discouraged this fall by a short corn crop and lower hog prices should reflect that those conditions are likely to be reversed again next year.

The curtailment in Corn Belt feeding operations appears likely to extend to lambs. This will act presumably in the direction of higher lamb prices next winter. However, the heavy increase in native lambs and increased feeding in the West will probably mean lower prices for slaughter lambs this summer and fall and next spring. These conditions would reverse the lamb-market history of last year. The West raised about 1,300,000 fewer lambs this year than last, which leaves the country's total lamb crop slightly below last season. This was in spite of an increase of more than 600,000 breeding ewes this season in the Rocky Mountain States. The poor lamb crop in

the West has averted for this year the market excess which is pretty sure to overtake the sheep industry if it continues to increase by a million head a year as it has done since 1922.

KEY REGIONS AT A GLANCE

The East.—Crops backward, especially corn, but have been making rapid growth the past month. Haying is well along, the crop generally being a good one and secured in good condition. Potatoes are improving rapidly with prospect of a fairly good crop. Fruit crop light; apples dropping badly in some sections. Pastures are not so good as earlier in the season and milk production has dropped off slightly in consequence. Dairy men expecting somewhat higher priced feeds this fall.

The South.—Cotton made generally good growth the past month. Mostly fruited well. Fields grassy in many cases. Widespread reports of weevil damage except in Arkansas and Texas. Picking begun in lower Gulf areas. Other crops generally in good condition; tobacco harvest made good progress in South. Whole territory looking forward to more money for cotton than last season.

Corn Belt.—Corn made up some lost time the past month. In the western belt a considerable percentage of crop was tasseling and was laid by at about the usual date. In east many fields are very grassy and the crop is backward. Late planted corn in poor condition. Slump in hog prices and prospect of short corn crop having some effect on plans of breeders. Considered that net result may be favorable to region for coming year, however.

Wheat Belt.—Winter wheat harvest about over in Kansas; threshing in progress. Harvest well along in Nebraska and northward; latter State has best crop in its history. Spring wheat looking good in north; some sections already beginning harvest; crop much better than last year. Last year south had good crop and spring wheat territory poor crop, but this season the situation is reversed. General sentiment of belt more optimistic than last year.

Range Country.—Ranges excellent in east and north but hurt by drought in west and south. Utah and Nevada very dry; irrigation water failing; lower ranges need rain badly. Livestock generally in good condition except in local drought areas. Good calf crop reported in south. Irrigated crops mostly doing well though sugar beet prospect said to be slightly below last year. Good crops of hay and forages.

Pacific Coast.—Winter wheat harvest in progress and a big crop. Spring wheat doing well. Fruit making good progress practically everywhere. Shipping grapes and melons from San Joaquin Valley. Ranges and livestock in good condition. General reports of coast crops and farm situation favorable.

THE TREND OF CROP PRODUCTION

	1913 produc- tion	5-year average, 1922- 1926 produc- tion	1926 produc- tion	1927 July 1 forecast
	<i>Millions</i>	<i>Millions</i>	<i>Millions</i>	<i>Millions</i>
Winter wheat.....bushels..	523	556	627	579
Spring wheat.....do.....	240	252	205	274
All wheat.....do.....	763	808	832	853
Corn.....do.....	2, 447	2, 766	2, 645	2, 274
Oats.....do.....	1, 122	1, 353	1, 254	1, 349
Barley.....do.....		194	191	243
Flaxseed.....do.....	18	20	20	22
Peanuts.....pounds.....		670	627	790
Rice.....bushels.....	25. 7	36	41	40
Potatoes, white.....do.....	332	394	356	393
Sweet potatoes.....do.....	59	81	84	86
Tobacco.....pounds.....	954	1, 343	1, 323	1, 099
Hay, all.....tons.....	64	91	86	101
Apples, total.....bushels.....	145	199	246	137
Apples, commercial.....barrels.....		34	39	26
Peaches.....bushels.....		54	68	46
Sugar beets.....tons.....		6. 8	7. 2	6. 8

The composite condition of the crops listed above was 96.5 on July 1. This indicates that these crops were 3.5 per cent below their 10-year average condition on that date.

This year's total acreage in 18 cultivated crops is about 1 per cent less than that harvested last year.

AVERAGE PRICES OF FARM PRODUCTS RECEIVED BY PRODUCERS

Actual prices received by producers at local farm markets as reported to the division of crop and livestock estimates of this bureau. Average of reports covering the United States weighted according to relative importance of district and State.

	5-year average August, 1909- July, 1914	June average 1910- 1914	June, 1926	May, 1927	June, 1927
Cotton, per lb.....cents--	12. 4	12. 7	16. 1	13. 9	14. 8
Corn, per bu.....do----	64. 2	68. 4	68. 6	73. 0	88. 9
Wheat, per bu.....do----	88. 4	89. 0	138. 9	123. 2	130. 1
Hay, per ton.....dollars--	11. 87	12. 16	12. 98	13. 20	13. 10
Potatoes, per bu.....cents--	69. 7	71. 8	190. 1	146. 0	191. 0
Oats, per bu.....do----	39. 9	41. 8	38. 9	45. 4	48. 0
Beef cattle, per 100 lbs.dollars--	5. 22	5. 44	6. 56	7. 17	7. 08
Hogs, per 100 lbs.....do----	7. 23	7. 16	12. 80	9. 41	8. 40
Eggs, per doz.....cents--	21. 5	16. 7	25. 7	19. 8	17. 8
Butter, per lb.....do----	25. 5	23. 2	39. 5	42. 1	40. 4
Butterfat, per lb.....do----			39. 3	43. 6	40. 8
Wool, per lb.....do----	17. 7	17. 5	31. 4	30. 1	30. 2
Veal calves, per 100 lbs.dollars--	6. 75	6. 77	9. 65	9. 37	9. 46
Lambs, per 100 lbs.....do----	5. 91	6. 30	12. 07	11. 92	11. 95
Horses, each.....do----	142. 00	145. 00	83. 00	81. 00	80. 00

In general, the increases in farm prices may be attributed to a large extent to adverse weather conditions which have prevailed during the spring. The Mississippi flood has undoubtedly had an effect on cotton prices and some of the other farm products. Cotton mill activity, together with heavy export movement, has also had its effect in the advances made in cotton. The heavy movement of hogs to market in response to higher corn prices and the increased world production of pork has shown its influence in the index of meat animals.

Corn again advanced sharply, breaking all records back to 1909 for gains of June over May. The increase amounts to about 18 per cent over the previous month, and is about 23 per cent above the 1910-1914 average for the month, and approximately the same degree above June, 1926. As was pointed out last month, the rise in the price of corn is undoubtedly due to unfavorable weather and late plantings. The corn market has been highly sensitive to weather reports.

Wheat prices advanced in all sections. The United States average price was approximately 6 per cent above last month. Bad weather with prospects of a smaller crop seem to have been the dominant factors in the price increase in the month. In Texas, where some of the new crop is coming on the market, the price advanced 9 cents over the previous month, while last year the price dropped 4 cents from May to June. The price movement this year is more comparable to 1925, when the gain amounted to 7 cents in the month.

PRICE INDEXES FOR JUNE, 1927

Farm products figures from this bureau; commodity groups from Bureau of Labor Statistics (latter shown to nearest whole number). Shows year ago and latest available month.

FARM PRODUCTS

[Prices at the farm; August, 1909-July, 1914=100]

	June, 1926	May, 1927	June, 1927	Month's trend
Cotton.....	130	112	119	Higher.
Corn.....	107	114	138	Do.
Wheat.....	157	139	147	Do.
Hay.....	109	111	110	Lower.
Potatoes.....	273	209	274	Higher.
Beef cattle.....	126	138	136	Lower.
Hogs.....	177	130	116	Do.
Eggs.....	120	92	83	Do.
Butter.....	155	165	158	Do.
Wool.....	176	169	170	Higher.

COMMODITY GROUPS

[Wholesale prices; 1910-1914=100]¹

	June, 1926	May, 1927	June, 1927	Month's trend
Farm products.....	144	137	138	Higher.
Food, etc.....	156	147	145	Lower.
Cloths and clothing.....	179	173	173	Unchanged.
Fuel and lighting.....	208	184	184	Do.
Metal and metal products.....	134	129	130	Higher.
Building materials.....	176	171	169	Lower.
Chemicals, etc.....	130	121	120	Do.
House-furnishing goods.....	167	163	163	Unchanged.
All commodities.....	155	147	146	Lower.

¹ Bureau of Labor Statistics index numbers converted to 1910-1914 base.

RELATIVE PURCHASING POWER

[At June, 1927, farm prices; August, 1909–July, 1914=100]

In terms of—	Of a unit of—				
	Cotton	Corn	Wheat	Hay	Potatoes
All commodities.....	82	95	101	75	187
Cloths, etc.....	69	80	85	64	158
Fuel, etc.....	65	75	80	60	159
Metals, etc.....	92	106	113	85	210
Building materials.....	71	82	87	65	162
House-furnishing goods....	73	85	90	68	168

In terms of—	Beef cattle	Hogs	Eggs	Butter	Wool
All commodities.....	93	79	57	108	116
Cloths, etc.....	79	67	48	92	98
Fuel, etc.....	74	63	45	86	92
Metals, etc.....	104	89	63	121	130
Building materials.....	80	69	49	94	100
House-furnishing goods....	84	71	51	97	104

The trend in evidence two months ago continued through June and lifted the cash crops to new high levels of unit purchasing power. That has been the general effect of price movements recently, an improvement in the exchange position of the important cash crops and a slight recession among the livestock products.

Of the five major crops listed above, cotton advanced 6 points, corn 17 points, wheat 6 points, potatoes 44 points in unit purchasing power during the month.

Among the livestock products, beef cattle declined 1 point, hogs 10 points, eggs 6 points, butter 5 points. Wool advanced 1 point.

The advance in relative prices of these leading cash crops reflects the prospect of lighter supplies, it is true, and therefore may or may not result in very much greater total purchasing power for the regions chiefly involved. An advance in prices, nevertheless, is most encouraging to producers. It is probable that each of the four major cash crops noted above occupies an exchange position favorable enough, if maintained, to stimulate production. Hay, on the other hand, is low in purchasing power, and this reflects both the prospect of a heavy crop and the lack of horses to eat it.

The low exchange value of eggs conveys its own warning to poultry producers. Hog prices were presumably at a seasonal low point during June and will improve somewhat but there is cause for reflection in a hog purchasing power index that is 25 points lower than a year ago.

GENERAL BUSINESS INDICATORS RELATED TO AGRICULTURE

	June, 1926	May, 1927	June, 1927	Month's trend
PRODUCTION				
Pig iron, daily (thousand tons)---	108	109	103	Decrease.
Bituminous coal (million tons)----	42	35	37	Increase.
Steel ingots (thousand long tons)-	3, 734	4, 015	3, 466	Decrease.
CONSUMPTION				
Cotton, by mills (thousand bales)-	519	633	662	Increase.
Unfilled orders, Steel Corporation (thousand tons).	3, 479	3, 051	3, 053	Do.
Building contracts in 27 North- eastern States (million dollars).	471	475	561	Do.
Hogs slaughtered (thousands)----	2, 087	2, 360	2, 509	Do.
Cattle slaughtered (thousands)---	1, 217	1, 201	1, 112	Decrease.
Sheep slaughtered (thousands)----	998	971	976	Increase.
MOVEMENTS				
Bank clearings (New York) (bil- lion dollars).	24	25	28	Do.
Car loadings (thousands)-----	4, 089	4, 097	3, 974	Decrease.
Mail-order sales (million dollars)-	35	34	36	Increase.
Employees, New York State fac- tories (thousands).	496	480	479	Decrease.
Average price 25 industrial stocks (dollars).	156	210	211	Increase.
Interest rate (4-6 months' paper (New York) (per cent).	3. 88	4. 13	4. 13	Unchanged.
Retail food price index (Depart- ment of Labor). ¹	160	155	158	Higher.
Wholesale price index (Depart- ment of Labor). ¹	152	144	144	Unchanged.

¹ 1913=100.

The month has come and gone with no outstanding developments in the business situation. Credit is still decidedly ample, a fact which has tended to keep the building boom going and to stimulate various branches of industry as well as the market for stocks and bonds. There is some evidence of let-down in certain cities, notably automobile centers, with a few men out of work here and there. On the whole, however, business is moving on an even keel and the industrial community is prosperous.

There is nothing yet in sight on the business horizon which appears likely to have much effect upon the agricultural situation.

GENERAL TREND OF WAGES AND PRICES

[1910-1914=100]

Year and month	General wage level ¹	Farm wages ²	Retail price of food ³	Wholesale price of food ³	Wholesale price all commodities ⁴
1910.....		97	96	100	103
1911.....		97	95	96	95
1912.....		101	101	103	101
1913.....		104	103	99	102
1914.....	⁵ 100	101	106	101	100
1915.....	101	102	104	104	103
1916.....	114	112	117	120	129
1917.....	129	140	151	166	180
1918.....	160	176	174	187	198
1919.....	185	206	192	205	210
1920.....	222	239	210	218	230
1921.....	203	150	158	143	150
1922.....	197	146	146	137	152
1923.....	214	166	151	143	156
1924.....	218	166	150	143	152
1925.....	223	168	162	156	162
1926.....	228	171	166	152	154
June—					
1921.....	202		148	136	144
1922.....	196		145	139	152
1923.....	219		148	141	156
1924.....	214		147	135	147
1925.....	220		160	154	160
1926					
January.....	229	159	169	155	159
February.....	225		166	152	158
March.....	229		165	150	154
April.....	227	166	167	152	154
May.....	226		166	153	154
June.....	228		165	156	155
July.....	227	174	162	153	153
August.....	227		161	150	152
September.....	231		163	151	153
October.....	231	176	165	151	152
November.....	230		167	150	151
December.....	232		167	150	150
1927					
January.....	232	162	164	149	150
February.....	231		161	147	149
March.....	234		159	146	148
April.....	230	166	158	146	147
May.....	230		160	147	147
June.....	230		163	145	146

¹ Average weekly earnings, New York State factories.² Index based on both monthly and daily wages.³ Bureau of Labor Statistics index numbers converted to 1910-1914 base.⁴ Bureau of Labor Statistics.⁵ June.

GENERAL TREND OF PRICES AND PURCHASING POWER

[On 5-year base, August, 1909-July, 1914=100]

Year and month	Index numbers of farm prices							Wholesale prices of nonagricultural commodities ¹	Relative purchasing power of farmer's product ²
	Grains	Fruits and vegetables	Meat animals	Dairy products	Poultry products	Cotton and cotton seed	All groups, 30 items		
1910.....	104	91	103	100	104	113	103	102	101
1911.....	96	106	87	97	91	101	95	96	99
1912.....	106	110	95	103	101	87	99	100	99
1913.....	92	92	108	100	101	97	100	105	95
1914.....	103	100	112	100	105	85	102	97	105
1915.....	120	83	104	98	103	78	100	101	99
1916.....	126	123	120	102	116	119	117	138	85
1917.....	217	202	173	125	157	187	176	182	97
1918.....	226	162	202	152	185	245	200	188	107
1919.....	231	189	206	173	206	247	209	199	105
1920.....	231	249	173	188	222	248	205	241	85
1921.....	112	148	108	148	161	101	116	167	69
1922.....	105	152	113	134	139	156	124	168	74
1923.....	114	136	106	148	145	216	135	171	79
1924.....	129	124	109	134	147	211	134	162	83
1925.....	156	160	139	137	161	177	147	165	89
1926.....	129	189	146	136	156	122	136	161	85
June—									
1920.....	283	366	182	182	185	301	234	250	93
1921.....	117	140	105	132	114	78	110	164	67
1922.....	111	197	121	128	113	160	128	168	76
1923.....	119	161	103	142	114	207	133	172	77
1924.....	116	146	105	126	115	219	130	159	82
1925.....	164	184	139	130	135	183	148	163	91
1926.....	130	216	154	128	138	132	139	160	87
1927									
January.....	120	140	140	144	173	85	126	156	81
February.....	122	142	143	143	145	94	127	155	82
March.....	121	140	144	139	115	102	126	153	82
April.....	119	147	143	140	114	101	125	151	83
May.....	127	158	137	136	112	113	126	150	84
June.....	140	201	129	132	102	119	130	150	86

¹ Computed by Bureau of Labor Statistics from wholesale prices of all commodities except those from United States farms. 1910-1914=100.

² The value of a unit of the farmer's product in exchange for nonagricultural products at wholesale prices, compared with pre-war values. Obtained by dividing index of all groups. (30 items) by the index of the wholesale prices of nonagricultural products.

THE TREND OF MOVEMENT TO MARKET

Figures show wheat, corn, hogs, cattle, sheep receipts at primary markets; butter receipts at five markets, compiled by this bureau.

Year and month	Receipts					
	Wheat	Corn	Hogs	Cattle	Sheep	Butter
Total—	<i>1,000 bushels</i>	<i>1,000 bushels</i>	<i>1,000</i>	<i>1,000</i>	<i>1,000</i>	<i>1,000 pounds</i>
1920.....	332, 314	210, 332	42, 121	22, 197	23, 538	402, 755
1921.....	435, 606	340, 908	41, 101	19, 787	24, 168	468, 150
1922.....	413, 106	378, 598	44, 068	23, 218	22, 364	526, 714
1923.....	386, 430	271, 858	55, 330	23, 211	22, 025	545, 380
1924.....	482, 007	278, 719	55, 414	23, 695	22, 201	587, 477
1925.....	346, 381	223, 604	43, 929	24, 067	22, 100	574, 489
1926.....	362, 876	234, 873	39, 772	23, 872	23, 868	572, 935
June—						
1920.....	19, 458	24, 788	3, 709	1, 879	1, 640	57, 504
1921.....	28, 480	34, 463	3, 579	1, 580	1, 850	64, 905
1922.....	18, 402	35, 281	3, 776	1, 759	1, 700	78, 361
1923.....	18, 217	14, 610	4, 204	1, 629	1, 426	75, 970
1924.....	16, 877	17, 392	4, 296	1, 673	1, 550	77, 487
1925.....	20, 465	17, 381	3, 507	1, 746	1, 603	74, 172
1926						
January.....	19, 076	28, 268	4, 304	1, 840	1, 548	39, 424
February.....	15, 923	25, 718	3, 372	1, 551	1, 486	39, 507
March.....	15, 052	20, 080	3, 579	1, 811	1, 695	46, 078
April.....	13, 458	12, 589	3, 135	1, 711	1, 502	45, 501
May.....	15, 260	11, 972	3, 037	1, 894	1, 717	54, 464
June.....	18, 505	23, 912	3, 143	1, 871	1, 913	75, 931
July.....	68, 200	13, 353	2, 854	1, 821	1, 739	68, 393
August.....	67, 952	11, 513	2, 804	1, 997	2, 277	50, 476
September.....	46, 266	13, 740	2, 819	2, 397	3, 279	44, 761
October.....	35, 124	28, 613	3, 261	2, 674	3, 090	38, 166
November.....	28, 229	22, 587	3, 554	2, 460	1, 917	34, 180
December.....	19, 831	22, 528	3, 910	1, 846	1, 706	36, 054
1927						
January.....	19, 379	23, 658	4, 252	1, 832	1, 740	37, 705
February.....	19, 462	24, 499	3, 308	1, 555	1, 496	38, 375
March.....	17, 504	18, 535	3, 754	1, 743	1, 558	45, 210
April.....	13, 680	10, 445	3, 142	1, 674	1, 486	48, 279
May.....	17, 760	12, 908	3, 582	1, 955	2, 044	63, 710
June.....	18, 346	26, 361	3, 752	1, 732	1, 838	75, 756

Market receipts of wheat, during June, were about average, corn fairly heavy, hogs increasing, cattle and sheep slightly less than last year, butter about like the same month in recent years.

THE TREND OF EXPORT MOVEMENT

[Compiled from the Department of Commerce reports by division of statistical research of this bureau]

Year and month	Wheat, ¹ including flour	Tobacco (leaf)	Bacon, ² hams, and shoulders	Lard	Total ³ meats	Cotton, ⁴ running bales
Total—	<i>1,000 bushels</i>	<i>1,000 pounds</i>	<i>1,000 pounds</i>	<i>1,000 pounds</i>	<i>1,000 pounds</i>	<i>1,000 bags</i>
1920-----	311, 601	467, 662	821, 922	612, 250	1, 043, 500	6, 111
1921-----	359, 021	515, 353	647, 680	868, 942	786, 280	6, 385
1922-----	235, 307	430, 908	631, 452	766, 950	733, 832	6, 015
1923-----	175, 190	474, 500	828, 890	1, 035, 382	958, 472	5, 224
1924-----	241, 454	546, 555	637, 980	944, 095	729, 832	6, 653
1925-----	138, 784	468, 471	467, 459	688, 829	547, 361	8, 362
1926-----	193, 861	478, 769	351, 591	698, 971	428, 613	8, 916
June—						
1920-----	22, 150	28, 063	82, 008	45, 070	112, 135	238
1921-----	32, 486	47, 328	53, 549	67, 656	63, 084	489
1922-----	18, 387	30, 324	55, 620	57, 249	64, 124	478
1923-----	13, 042	49, 730	59, 472	64, 605	68, 797	213
1924-----	10, 492	52, 614	44, 144	59, 475	49, 772	218
1925-----	10, 922	27, 460	39, 690	59, 799	45, 398	211
1926						
January-----	5, 587	46, 891	46, 654	76, 670	53, 833	735
February-----	4, 742	47, 147	37, 187	65, 356	45, 292	545
March-----	7, 039	36, 167	34, 133	64, 259	40, 641	512
April-----	6, 452	43, 388	31, 410	63, 160	37, 947	506
May-----	12, 558	27, 431	30, 104	58, 154	35, 197	412
June-----	11, 210	30, 762	23, 861	56, 482	29, 681	339
July-----	19, 811	29, 760	22, 457	45, 879	28, 221	356
August-----	35, 774	26, 263	29, 090	54, 273	34, 762	385
September-----	31, 031	38, 319	26, 927	61, 577	33, 843	789
October-----	24, 098	53, 129	23, 873	46, 988	30, 384	1, 359
November-----	20, 545	49, 136	22, 384	43, 488	30, 177	1, 475
December-----	15, 301	50, 375	23, 503	62, 690	28, 746	1, 504
1927						
January-----	12, 821	66, 337	20, 597	59, 842	25, 748	1, 074
February-----	8, 997	46, 840	19, 476	49, 884	24, 313	979
March-----	9, 183	41, 669	18, 108	53, 040	23, 754	1, 084
April-----	16, 039	35, 041	17, 844	67, 345	23, 930	825
May-----	14, 123	40, 376	21, 634	64, 418	27, 035	612
June-----	11, 515	33, 053	25, 293	66, 404	30, 924	468

¹ Wheat flour is converted on a basis of 4.7 bushels of grain equal 1 barrel of flour.

² Includes Cumberland and Wiltshire sides.

³ Includes fresh, canned, and pickled beef, bacon, hams, and shoulders; fresh, canned, and pickled pork; fresh mutton and lamb.

⁴ Excludes linters.

TREND OF DAIRY PRODUCTION

[Million pounds, 000,000 omitted]

PRODUCTION

	June			January to June, inclusive		
	1927	1926	Per cent change	1927	1926	Per cent change
Creamery butter.....	184	178	+3.2	767	760	+0.9
Farm butter.....	77	79	-2.2	298	307	-2.2
Total butter.....	261	257	+1.6	1,065	1,067	-0.1
Cheese.....	59	58	+2.8	204	225	-9.4
Condensed and evaporated milk.....	280	233	+12.0	1,095	990	+8.7
Total milk equivalent....	6,775	6,558	+3.3	27,151	27,133	-0.1

APPARENT CONSUMPTION

[Including production, changes in stocks, and net imports or exports]

Butter.....	196	200	-2.2	1,014	1,034	-1.9
Cheese.....	51	46	-8.3	246	286	-13.9
Condensed and evaporated milk.....	187	148	+26.4	911	856	+6.4
Total milk equivalent....	5,048	5,048	+0.9	26,028	26,701	-2.5

T. R. PIRTLE,

*Division of Dairy and Poultry Products, B. A. E.***COLD STORAGE SITUATION**

[July 1 holdings (shows nearest million—i. e., 000,000 omitted)]

Commodity	5-year average	Year ago	Month ago	July 1, 1927
Creamery butter.....pounds..	71	87	25	90
American cheese.....do.....	43	54	36	50
Case eggs.....cases.....	9	9	9	11
Total poultry.....pounds..	43	37	62	50
Total beef.....do.....	56	49	50	44
Total pork.....do.....	766	602	788	833
Lard.....do.....	139	121	112	146
Lamb and mutton.....do.....	3	2	1.2	1.4
Total meats.....do.....	889	706	900	941

THE DAIRY SITUATION

The month of July has been bare of any unusual or outstanding developments in the dairy situation. Production responded to favorable conditions during the first half of the month, and despite the fact that principal dairy sections have been experiencing some pretty warm weather, it is not expected that the net change for the month as compared with last July will be a decrease. Reports from these sections indicate that the peak of production was passed early in the month, and that since then the usual seasonal decreases have been occurring. This change is beginning to show up in market receipts of butter, which are falling off slightly in volume. Estimated butter production for June was on the basis of a 3 per cent increase over last year. July will likely show less of a change. Current cheese production in Wisconsin appears fully equal to last year, although there is a decrease of approximately 10 per cent for the entire year to date as compared with the same period of 1926. These changes in Wisconsin, however, are not necessarily true indications of milk production in that particular section. It is known that there have been heavy demands for fluid milk and cream this year, and that considerable quantities of cream have moved from western sections to eastern markets. The intense heat which has recently been prevalent in the East has increased the demand for cream very materially.

Butter prices have continued to follow the same steady course which featured June. The variation at New York up to this time (July 25) is confined to a 1 cent range. The month's average should approximate 41½ cents, which price would be a cent lower than last month's average, but a cent higher than July, 1926. Ordinarily, prices begin a seasonal advance in August, unless unusually favorable weather conditions bring about a heavy late summer production such as occurred in 1924, and which resulted in August prices that year averaging even lower than June.

Storage stocks of butter and cheese continue to pile up, although in relation to previous years the quantities so far are hardly considered excessive. On July 1 total storage stocks of butter were 90,116,000 pounds, an increase over last year of about 3,000,000 pounds. Since then there has been an active into-storage movement, with current weekly reports from the principal storage centers showing slightly heavier stocks than those of 1924, which was a record year. As previously mentioned, however, it was late summer production which brought about the 1924 situation.

Condensed and evaporated milk stocks on July 1 were approximately the same as those of a year ago, regardless of the increased production during recent months. June production this year was 20 per cent greater than in 1926, and the increase for the calendar year to date is at least 10 per cent greater than the corresponding period of 1926. In considering changes in condensery production it is well to note that only a small percentage of the total United States milk production is utilized for this purpose and that the quantities manufactured are more easily adjusted to demand conditions than is the case with either butter or cheese. A relatively small part of domestic production is finding its way into export channels, this applying to all products.

L. M. DAVIS,
Division of Dairy and Poultry Products, B. A. E.

THE EGG AND POULTRY SITUATION

The egg markets in July have been in virtually the same position as those of June. The immediate outlook was firm, prices worked somewhat higher, and receipts and storage movement were lighter. The outstanding feature of the markets continues to be the confidence prevalent among the trade where most of this season has been a period of doubt and uncertainty.

Price changes in July followed a rather normal trend for this month. That is, prices of the better qualities worked to slightly higher levels, while values of the lower grades did little more than hold their own. The margin under last year on "western eggs" remains at 4 to 5 cents as it was a month ago. A greater difference between the two years exists on Pacific coast goods. In general, there has been no change in the gradually rising trend of prices since early June, and the same factors, the advance of the season, decreasing receipts and lighter storage movement were controlling the situation.

Receipts at the principal markets, of course, decreased materially from June, although at this writing, slightly before the close of July, it appears that the decrease this year has approximated closely the 33 per cent decrease that occurred from June to July last year, although the decrease in cases was about 50,000 cases less than in 1926. A comparison of July, 1927, with July, 1926, shows lighter receipts this year by 9 per cent, practically the same difference shown between June, 1927 and 1926. In spite of the decreases in both June and July under receipts of a year ago the total of arrivals since January 1 is still more than 9 per cent heavier than for the same period in 1926, due, of course, to the heavy receipts earlier in the year, particularly in March, April, and May, when producing conditions were so favorable.

The storage situation also favors the firm side of the market more than it did a month ago. Holdings on July 1 were reported as 10,554,000 cases, a surplus of slightly less than 1,500,000 over July 1, 1926. This shows a sizable reduction in surplus since June 1, due partly to lighter storage movement in July than a year ago and partly to a revision of the figure previously reported for June 1. Toward the latter part of July there has been the beginning of some out-of-storage movement. The heavy surplus of frozen eggs is still in existence, the holdings on July 1 amounting to 81,303,000 pounds, some 35,000,000 pounds above the holdings of a year earlier and 30,000,000 pounds more than the highest figure previously reported. This surplus is equivalent to approximately 1,000,000 cases of shell eggs.

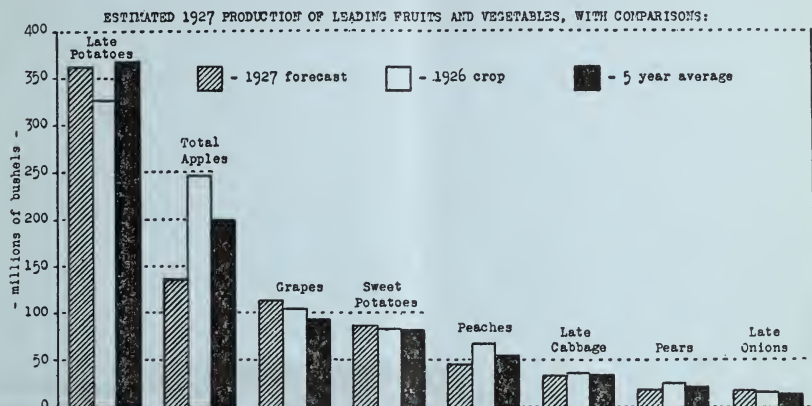
The decline in receipts is not thought to be the result of any material cutting down of the flocks. Receipts of dressed poultry show no increase and since the first of the year have shown a decrease from the receipts of last year. Stocks in storage remain heavy relative to a year ago, exceeding them by about 14,000,000 pounds. This surplus, reduced somewhat from the larger surplus that has been with us all year, has tended to depress prices below the level of last year. In general there has been no material change in the dressed-poultry situation. Live-poultry receipts have increased somewhat, but not materially. While prices have fluctuated as usual with each momentary period of plenty or scarcity, movement in general has been satisfactory and prices fairly well sustained. The relatively cool weather for the summer season has aided a maintenance of demand.

C. E. ECKLES,

Division of Dairy and Poultry Products, B. A. E.

MORE VEGETABLES; LIGHTER FRUIT CROPS

Judging from recent crop reports, based on July condition, most of the staple vegetables will be in heavier supply than last year, but tree fruits will be light. Hit by late spring freezes and weakened from overbearing last year, apples and other orchard fruits likely will be a very short crop, especially in the East. Drought also affected Florida citrus. Grapes, particularly in California, promise a bumper crop. Northern potatoes, cabbage and onions, and nearly all sweet potatoes are still in the making, but every indication points to increased production, except possibly for cabbage. Growers and ship-



pers may reasonably expect lower returns for the important vegetables and higher prices than last season for tree fruits.

MORE POTATOES

Potato production in the late or main-crop States promises to be at least 10 per cent heavier than in 1926 but still below the five-year average. The surplus producing States may approach nearer an average crop than the deficient States. In that event, shipments likely would be increased to those sections which do not grow enough potatoes for local needs. According to July condition, the total forecast in 35 late potato States was as follows:

	1927 forecast	1926 crop	Five-year average
	<i>Bushels</i>	<i>Bushels</i>	<i>Bushels</i>
19 surplus-producing States----	278, 154, 000	251, 788, 000	279, 957, 000
16 deficient States-----	83, 294, 000	74, 872, 000	86, 838, 000
Total, 35 late States----	361, 448, 000	326, 660, 000	366, 795, 000

Total estimated production of potatoes, 393,000,000 bushels divided among the 118,628,000 persons estimated in United States on July 1, would allow 3.31 bushels per capita, or slightly below normal requirements.

Eastern shore of Virginia had a bumper crop. Production also is expected to be heavy in the Middle Atlantic States generally, in New England (especially Maine), and in the far West. Idaho has become one of the most important potato States. Potato acreage in Canada has been increased about 3 per cent to a total of 560,000 acres.

Though a sweet potato crop of 86,000,000 bushels would be considerably above average and 3 per cent more than last year, northern markets may not be more liberally supplied than usual. Seven States, which ship actively to northern consuming centers, have 32 per cent of this year's total crop, compared with 34 per cent last season, an actual decrease of a million bushels. This group of States, from New Jersey down to South Carolina and westward to Tennessee, furnished about three-fourths of the 25,000 cars shipped last season. The Carolinas, Arkansas, Mississippi, Louisiana, Texas, and California are the only important producing areas expecting crops larger than in 1926. Most of the gain is in Texas, where a 40 per cent increase is indicated.

Onion acreage in the late shipping States apparently is increased about 3 per cent over last year and is greater than in any recent season. If the estimate of 49,520 acres proves correct and if the yield averages 325 bushels, a crop of more than 16,000,000 bushels would result. This would be a million more than in 1926 and about 2,000,000 above average. Plantings have been materially reduced in Indiana and California, but considerably increased in other leading sections.

No official estimate of cabbage production has been released at this writing, but acreage of both domestic type and Danish type seems to be slightly above last year's record. Assuming average yields of 10.5 tons per acre of domestic type and a little more than 9 tons per acre of Danish type, total tonnage this season would be around 567,000. This means more of the early stock than last season, but less of the late or long keeping cabbage.

LIGHTER FRUIT CROP IN EAST

Fruit seems to be doing fairly well in western States but rather poorly in the East and Middle West. About half of this year's peach crop and two-thirds of the pear crop is west of the Rocky Mountains. Both of these fruits are about one-third lighter than last year. Much of California's production, of course, goes to canneries and drying plants, but the shortage in the East this season may induce a heavier car-lot movement to points outside the State. Because of the carry-over of last year's pack, California peach canneries were offering lower prices to growers. The western pear shipping season has been greatly delayed.

Total apple production may be 45 per cent short of the 1926 record, while a reduction of one-third is expected in the commercial crop. Of the estimated 26,000,000 barrels of market apples, about 12,000,000 are in the western or boxed-apple region and the other 14,000,000 in the eastern and central territory. Last year about 14,600,000 barrels

were west and 24,800,000 east, the biggest commercial crop ever grown. The important Virginia-Maryland-Pennsylvania region may have less than half as many apples as last season. Maine and Kansas are about the only barreled-apple States expecting more commercial fruit than in 1926, and Idaho may be the only State in the West to exceed last year's crop. Washington will be at least 3,000,000 boxes short of the 1926 figure. Effect of a light crop on the export situation will be watched with interest. Canada has probably one-fourth more apples than last year.

California expects a record-breaking crop of 2,318,000 tons of grapes. Eastern producing sections were not faring so well and all States outside of California may have together only 230,000 tons, compared with 310,000 in 1926. Total grape production may be 8 per cent greater than last season and 21 per cent above the five-year average for this crop.

PRICES HOLDING UP WELL

Prices of most fruits and melons have held up well this season, showing no more than the usual declines following active shipments. The lighter crop of watermelons has been financially favorable to southeastern growers. F. o. b. quotations on Imperial Valley (California) cantaloupes dropped to low levels during the peak movement and never recovered. Georgia peaches were heavily culled; the season's output scarcely exceeded 12,000 cars, as against 18,000 last year. Early apples were selling at least 50 per cent higher than last season.

Because of reduced crops and flood damage, mid-western potato growers were getting better prices than a year ago. Eastern shore of Virginia f. o. b. sales were maintained rather firmly around \$3 per barrel, in spite of shipments amounting to 16,500 cars. Onion prices, on the whole, have been quite satisfactory this summer; lettuce proved a valuable product on the market, but prices of tomatoes and cabbage were moderate. New crop sweet potatoes started at relatively high levels.

Total car-lot shipments of the leading fruits and vegetables recently have been lagging far behind last year's corresponding record. In mid-July the weekly movement lacked 7,000 cars (or 25 per cent) of equaling shipments for the same week in 1926, due chiefly to lighter output of watermelons, peaches, and apples. The season's record to date, however, is far above that of a year ago, because of the heavy early output of strawberries, tomatoes, new potatoes, cantaloupes, peaches, lettuce, celery, and mixed vegetables.

As a result of the carry-over from last season, acreage of some canning crops has been reduced. The 211,000 acres of sweet corn for manufacture would be one-third less than in 1926; a slight reduction also is seen in tomato plantings, with 250,000 acres, but snap beans were increased to 31,000 acres. Condition of the sweet corn crop was lower than a year ago, but all other canning crops were doing better than last season.

PAUL FROEHLICH,
Division of Fruits and Vegetables, B. A. E

THE TREND OF FEED COST AND PRICE OF BUTTER

The trend of the cost of feed for the dairy cow has been upward since the year 1914, not considering the period affected by the World War. This trend of feed cost is naturally divided into three periods; first, from 1914 to 1916; second, from 1917 to 1922, covering the war disturbances; and third, from 1923 to 1926.

FEED COSTS

The feed cost used in this computation is based on a balanced ration, consisting of 18 pounds of clover hay, 3 of corn, 2 of oats, 1 of bran, and 1 of cottonseed meal. This ration is the quantity estimated to be necessary for the production of 21 pounds of milk containing 4 per cent fat and from which a pound of butter could be made. The price of feed is taken for the State of Minnesota and is the price received by the farmer. (No allowance is made for a lower cost during the pasture season. Since the balanced ration is continued throughout the year, the cost of feed for the grass months would be somewhat less than shown, depending upon the amount of pasturing given the dairy herd.)

The feed cost during the first period, 1914 to 1916, was very uniform throughout the entire period and averaged 16.6 cents for each pound of butter made.

The second represents the war period when the prices of feed advanced very irregularly and very high, then declined rapidly and to a very low point. The low point was reached in 1922, but by the end of the year a recovery had been made.

In the third period, 1923 to 1926, the feed cost advanced slowly through 1923 and 1924, followed by a depression through 1925 and 1926. By the end of 1926 prices had again recovered and the advance which had stopped in 1924 was picked up in 1927 and continued. The cost of the ration here used advanced for the first five months of 1927.

BUTTER PRICES

The trend in the price of 92 score butter on the New York market has been upward over the entire period from 1914 to 1926, although the disturbing period of the war was such that the fluctuations were very marked, and the drop in prices after the war was very rapid. The trend of prices after the recovery about the beginning of 1923, appears to have been but a continuation of the trend prior to the World War.

The course of butter prices shows the division into three periods similar to those noted in the case of feed prices.

The average price of butter for the first period was 31.5 cents a pound.

The second period covered the war time and the readjustment years. The trend during this period is not comparable with other than war conditions.

The third period of butter price levels is from 1923 to 1926 and the prevailing advance in prices is continued into 1927. The average price was 44.8 cents. The seasonal variation in the price of butter in the early part of the period was uncommonly large but was smoothed down considerably toward the end of the period.

Comparison of the June price of butter with January shows the following variations: In 1914 the June price was 16.5 per cent lower than January, in 1923 it was 24.7 per cent lower, in 1926 it was 8.2 per cent lower, and in 1927 it was 13.6 per cent lower.

COMPARISON OF FEED COSTS AND BUTTER PRICES

In this comparison attention is called to the accompanying chart. The butter line is seen to rise and fall in almost perfect unison with the line of feed costs and the spread between the lines is widened considerably during and after the war period.

COMPARING THE FIRST PERIOD WITH THE LAST PERIOD

	First period, 1914-1916	Last period, 1923-1926	Per cent increase
	<i>Cents</i>	<i>Cents</i>	
Feed cost	16. 6	21. 1	27. 4
Butter price	31. 5	44. 8	42. 2
Difference	14. 9	23. 7	59. 1

THE SITUATION IN 1927

The trend of feed prices (balanced ration for milk production) has been upward since the beginning of 1926 with but slight variation. For the month of May, 1927, it was the highest for any month since the war but dropped a little for the month of June. The price of butter is running higher than for 1926 and is maintaining a spread over the feed costs of about 20 cents per pound of butter. The 1927 prices are as follows:

Month	Price of butter	Cost of feed	Difference
	<i>Cents</i>	<i>Cents</i>	<i>Cents</i>
January	49. 2	23. 6	25. 6
February	51. 5	25. 1	26. 4
March	50. 2	24. 4	25. 8
April	50. 3	24. 3	26. 0
May	43. 5	25. 6	17. 9
June	42. 5	23. 4	19. 1

The following important changes have taken place between the time of the first period and the last period; that is between 1914-1916 and 1923-1926:

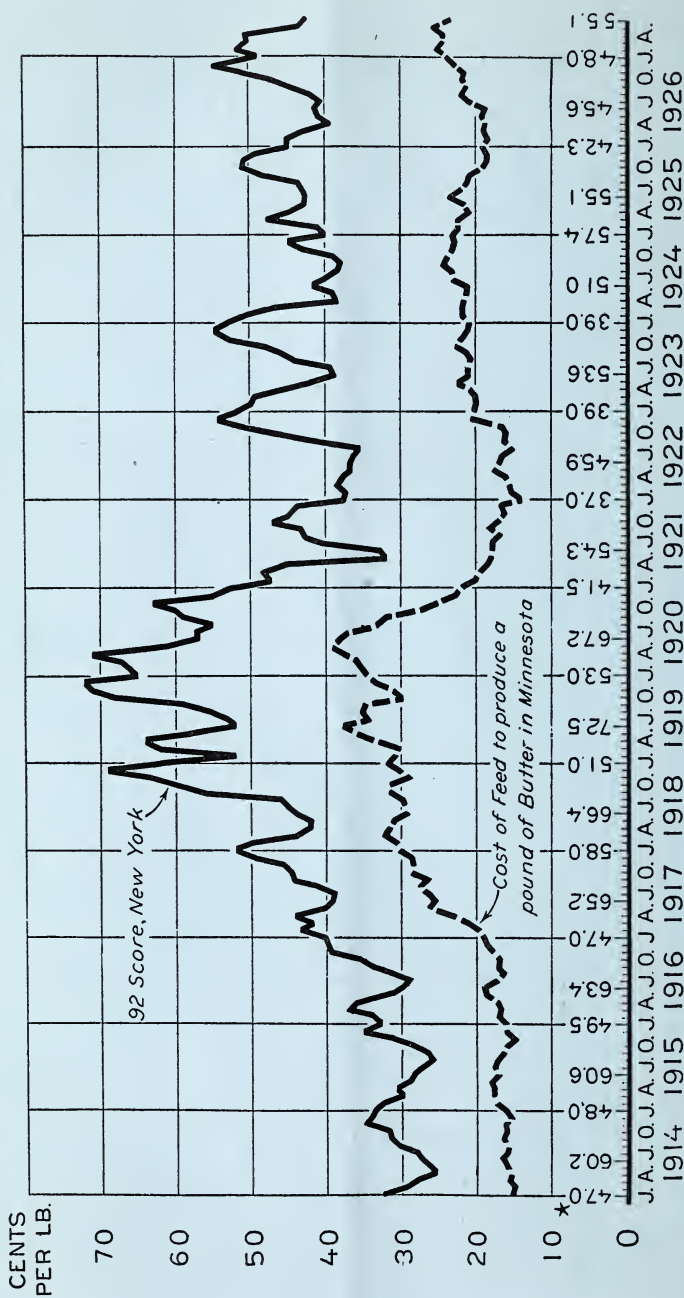
	Per cent
The price of butter has increased	42. 2
The cost of feed has advanced ¹	27. 4
The price of farm labor advanced	51. 3
The cost of living advanced	60. 0
The spread between butter prices and feed costs increased	59. 1

It is apparent from the foregoing that the price of butter has so far been established at a higher level than during the pre-war period, and that the same is true of the cost of feed for dairy cows giving milk. Much of this advance has been taken up by the increased cost of living and for hired help.

T. R. PIRTLE,
Division of Dairy and Poultry Products, B. A. E.

¹ Does not include pasture costs, which are lower than feed costs.

SPREAD BETWEEN COST OF FEED & PRICE OF BUTTER



* Per Cent that Cost of Feed to produce one pound of Butter is of Price of 92 Score Butter at New York

THE HOG OUTLOOK

The supply of hogs that will be available for market during the next 12 months appears to be slightly larger than during the past year and the indications are that the demand for pork products will continue about as at present. If this year's corn crop proves to be as small as present conditions indicate, the situation will doubtless tend to discourage hog production next year. Hog producers should remember, however, that the corn crop next year will very probably be larger than this year's crop and that a production of hogs for the country as a whole about equal to that of the past three years seems to promise the best returns to the producers of both corn and hogs.

SUPPLIES TO NOVEMBER 1, 1927

The number of hogs on farms July 1, 1927, that normally would be marketed during the four months, July to October, was probably about the same as on July 1 a year ago, although the evidence is somewhat conflicting.

The average number of hogs over six months of age per farm and per 100 acres of land as shown by the June surveys was smaller on June 1 this year than last in the Corn Belt States. The ratio of hogs over six months to total swine also indicated fewer hogs over six months June 1 this year than last. With an increase of slaughter in June this year over last of nearly 700,000 head, the number on July 1 was indicated as considerably smaller than on July 1, 1926. On the other hand, the relation of summer slaughter to winter slaughter in other years, except last, would indicate a summer slaughter this year larger than last.

The actual marketings and slaughter of hogs, however, during these four months will be influenced to a considerable extent by the developments in the corn crop situation in the Corn Belt States. If the corn crop prospects do not improve from those indicated by condition July 1 and a short crop of poor quality becomes increasingly more probable, a larger marketing of hogs during the four months can be expected than if the crop outlook should improve materially and corn prices decline somewhat.

But whether the four months' supply is larger or smaller than last year, all indications point to a larger proportion of thin, grassy packing sows and a smaller proportion of finished butcher hogs. If the corn situation continues unfavorable, a heavy run of light spring pigs in the latter part of September and in October may be expected.

SUPPLIES NOVEMBER 1, 1927, TO MAY 31, 1928

The June, 1927, pig survey shows an increase of about 2 per cent in the spring pig crop this year over last in the Corn Belt States and increases of from 10 to 12 per cent in other regions. These increases are equivalent to about 700,000 head in the Corn Belt and 1,800,000 head for the United States. If no unusual death losses from cholera, such as occurred last fall, are experienced this year, an increase of from 1,500,000 to 2,000,000 head in the inspected slaughter next winter and spring over last would seem probable. This would be an increase of around 6 to 8 per cent. If the present unfavorable corn-hog price ratio continues and the supply of corn is as small as indicated July 1, farmers will be inclined to market their hogs early at light weights and the total weight of hogs slaughtered may be less the coming winter and spring than last.

SUPPLIES JUNE 1 TO NOVEMBER 1, 1928

The June, 1927, pig survey reported the number of sows bred or to be bred for fall farrowing as 30 per cent larger than the number farrowed in the fall of 1926 for the United States and 23 per cent larger for the Corn Belt. However, these breeding intentions reports in June have never been good indicators of the actual number of sows farrowed in the fall, actual farrowings as reported in December always being much below June intentions. The average declines between June breeding intentions reports and December farrowing reports have been 29 points for the United States and 24 points for the Corn Belt States. These past relationships and the present unfavorable feeding ratio between corn and hog prices and the poor corn crop prospects indicate the probability of a decrease rather than an increase in the fall pig crop this year in the Corn Belt, but some increase seems probable in other regions, especially in the South. Hence, little change in hog supplies in the summer and fall of 1928, from supplies last year and this is indicated.

STORAGE SUPPLIES

Supplies of pork products and lard in storage July 1 were 35 per cent larger than on July 1, 1926, and 8 per cent larger than the five-year average. Pork products alone were 38 per cent larger than last year and lard 21 per cent larger. The big increase in pork products is in frozen and sweet pickled pork, the supply of frozen and cured hams being unusually large. The combined supply of surplus products and hogs for the next four months would seem to be somewhat larger than on July 1, 1925, and 1926, but smaller than in 1924.

PRICES FOR THE SUMMER AND FALL OF 1927

The continuous decline in hog prices, which started last February, was checked about the last of June when the Chicago average weekly price stood at \$8.59. This was \$3.58 below the point at which the decline started, \$4.91 below the corresponding week the previous year and the lowest weekly average since November, 1924. This decline was quite unusual and generally unanticipated.

The outstanding factor causing this decline was decreased foreign demand for American pork, caused both by a decrease in actual European demand and a material increase in European supplies. Contributing factors were: Somewhat increased total hog supplies, with an unusually large proportion coming after the close of the winter packing season, a slightly lower general wholesale price level of all commodities, low lard prices caused principally by the large supply and low price of cottonseed oil, and apparently a decreased demand in the South for cured pork.

The low level to which hog prices declined, however, apparently more than discounted the unfavorable aspects in the situation, hence with the summer supply of hogs as indicated, conditions are favorable for a more than usual advance in prices during August and September. The present united efforts to move storage stocks through publicity and lower retail prices and the continued high level of beef prices also favor higher prices for hogs. In view of the expected supply of grassy, unfinished hogs, the advance this summer will doubtless be confined more than usual to well finished, medium, and light weight or butcher hogs.

PRICES FOR THE WINTER OF 1927-28

If the small corn crop materializes, as indicated from present conditions, heavy marketings of light, unfinished hogs may be expected in the late fall and early winter and a seasonal price decline in November and December somewhat larger than usual may result, probably reaching a level not greatly different from that of mid-July. Under such supply conditions and with prospects favorable for higher lard prices heavy hogs should sell at a premium. As the winter advances higher prices seem probable with a more than usual seasonal rise in the late winter and spring.

On the whole, conditions for 1928 indicate that seasonal fluctuations in prices will follow the normal trend and that the general level of price may possibly be higher than in 1927.

PRODUCTION OUTLOOK

The recent drop in hog prices has made hog production seem much less favorable than for two years past. This, combined with the present unfavorable corn crop prospects, will tend to discourage hog production next year. Farmers should consider, however, that corn production in 1928 may be reasonably expected to be much larger than in 1927 and that hogs will probably offer a good market for it. A hog production about equal to that of 1925, 1926, and 1927 seems to promise the largest returns for the combined corn and hog enterprises from year to year, with adjustments made to corn supplies through hog weights rather than hog numbers. The present market outlook for hog products during the winter of 1928-29 seems to justify a breeding of sows for the spring of 1928 but little reduced from that of this year. (From report of this bureau, July 15, 1927.)

THE SHEEP OUTLOOK

LAMB SUPPLY SITUATION

The lamb crop of 1927 is indicated as a little smaller than that of 1926 by the lamb survey of the department. The number of native lambs is much larger this year than last, but the increase in natives was not enough to offset a decrease of 1,300,000 head in western lambs. In spite of an increase of more than 600,000 head in breeding ewes in the western area this year over last, a decrease in lambs marked per 100 ewes from 87.6 to 78.9 resulted in an 8 per cent decrease in lambs. This decrease was mostly in the late lambing areas, the largest decreases being in Montana, Wyoming, Utah, and Idaho. The lamb crop in California, Arizona, and Texas was larger this year than last.

Practically all native lambs go direct to slaughter, hence the increased number of natives indicates that the slaughter of lambs from August to November may be larger than last year. Since the decreases in western lambs are largest in States that furnish a large part of the feeding lamb supply, a considerable decrease in feeding lambs from last fall seems certain.

Total receipts at markets for the six months, July to December, may be larger than last year, but the total movement of lambs both to market and direct to feed lots probably will be smaller. Since most of the increase in California and Arizona was in early lambs which were marketed before July 1, the available supply of lambs in

the West is smaller than the total western lamb crop figures indicate. Excellent feed conditions in all the western States, and the small proportion of twin lambs point to a larger proportion of lambs in slaughter condition than last year. This may further tend to increase the number of slaughter lambs and decrease feeders, although the comparative prices for the two kinds will determine to a considerable extent the outlet to which most late western lambs will go.

The slaughter of lambs and sheep from July 1, 1927, to the end of May, 1928, probably will be no larger than for the same period a year earlier. The number slaughtered, however, will depend to a considerable extent upon the demand in the West for ewe lambs for breeding stock. The distribution of the slaughter probably will be considerably different from last year. A study of the factors that will influence this distribution, such as location of supplies, demand for feeding lambs, probable number and location of lambs to be fed this coming winter, and the relation of the distribution of fed lambs to resulting prices last winter and spring, indicates that slaughter from August 1 to December 1 will be larger than last year; that during December, January, and February it will be considerably smaller than last winter; and from March to May it likely will be larger than last spring.

The demand for feeding lambs for the Corn Belt this coming fall is quite uncertain. The very unfavorable prospect for corn, especially in some of the more important feeding States, coupled with the generally unsatisfactory returns obtained from last year's feeding operations, point to a poorer demand for feeding lambs in the Corn Belt. Improvement in the corn prospects will tend to strengthen the demand. On the other hand, generally favorable feed conditions in the western feeding areas and the profitable returns obtained on late fed lambs last spring are expected to increase considerably the demand over last year for feeding lambs in these areas where large numbers of feeder lambs already have been contracted. At this time last year very few lambs had been contracted. Last year cattle feeding was substituted for lamb feeding to some extent by western feeders, and this proved rather profitable and may be repeated to some extent this year. On the whole, it appears that the decreased demand for feeding lambs in the Corn Belt will likely more than offset the increased demand for feeding lambs in other regions.

With a probable market supply of lambs for slaughter not greatly different from that of last year and with demand conditions as indicated, the average price for slaughter lambs from the 1927 crop is expected to be about the same as that for the 1926 crop. But, in view of the large increase in the native lamb crop and the probability of less lamb feeding in the Corn Belt and increased feeding in the late marketing areas of the West as compared with last year, conditions indicate price changes during the next 10 months almost opposite to those that occurred during the corresponding marketing period of the 1926 crop. Based on indicated market supplies and probable action of feeders, the most favorable price period during the marketing season of the 1927 lamb crop would appear to be during the winter months. This would be generally favorable for the lamb feeder in the Corn Belt and also for the western feeder who has lambs ready for market at that time. (From report of this bureau July 23, 1927.)